

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 IO-13 ISO-00 ITC-01 AGRE-00 L-03 CEA-01
STR-04 SS-15 NSC-05 PA-02 PRS-01 AID-05 CIAE-00
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R 211846Z DEC 76
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 8958
INFO USDOC WASHDC
MTN GENEVA 158
AMEMBASSY LIMA
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AMCONSUL MEDELLIN
AMCONSULATE BARRANQUILLA

UNCLAS BOGOTA 12544

E.O. 11652: N/A
TAGS: ETRD, CO
SUBJ: IMPORT DUTIES REDUCTION AND CHANGES IN THE PRIOR
LICENSE AND FREE IMPORT LISTS

REF: A) BOGOTA 4886; B) BOGOTA 5632

1. DURING THE LAST FEW WEEKS, THE COLOMBIAN GOVERNMENT HAS
CONTINUED AND EXPANDED ITS IMPORT LIBERALIZATION POLICY.
BECAUSE OF THE LARGE AMOUNT OF FOREIGN EXCHANGE EARNINGS
ACCUMULATED THIS YEAR FROM COFFEE AND OTHER EXPORTS, FOREIGN
EXCHANGE RESERVES WILL SOON SURPASS ONE BILLION U.S. DOLLARS.
WITH THIS COMFORTABLE CUSHION, THE GOC FEELS SECURE ENOUGH
TO FURTHER REDUCE BARRIERS TO IMPORTS ENTERING COLOMBIA.
THESE MEASURES HAVE BEEN IMPLEMENTED IN ORDER TO INCREASE
THE INTERNAL SUPPLY OF PRODUCTS (ESPECIALLY AGRICULTURAL)
WHICH HAS BEEN IN DEFICIT RECENTLY. UNDERSTANDABLY,
THIS SHORTAGE HAS CAUSED PRICES TO RISE, THUS STIMULATING
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THE INFLATIONARY MOVEMENT OF THE ECONOMY, A TREND WHICH
CAUSES SERIOUS CONCERN AMONG THE GOC ECONOMISTS.

2. FIVE RESOLUTIONS HAVE BEEN IMPLEMENTED BY THE GOC
WHICH HAVE HAD THE NET EFFECT OF FURTHER EASING
RESTRICTIONS ON COLOMBIAN IMPORTS. A BRIEF DESCRIPTION

OF THESE FIVE RESOLUTIONS FOLLOWS.

3. RESOLUTION 051 OF NOV 9, 1976, ISSUED BY THE DIRECTIVE COUNCIL OF FOREIGN TRADE OF INCOMEX. THIS RESOLUTION PLACES ABOUT THIRTY ITEMS ON THE FREE IMPORT LIST WHICH WERE PREVIOUSLY ON THE PRIOR LICENSE IMPORT LIST. PRODUCTS AFFECTED ARE: UNPROCESSED GLASS (EXCEPT OPTICAL GLASS), PLUS A WIDE LINE OF GLASS AND GLASSWARE MOST OF WHICH ARE CLASSIFIED WITHIN CHAPTER 70 OF THE COLOMBIA TARIFF SCHEDULE. THESE PRODUCTS PAY IMPORT DUTIES RANGING FROM 20 TO 65 PERCENT OF THE CIF VALUE.

4. RESOLUTION 059 OF NOV 25, 1976 ISSUED BY THE DIRECTIVE COUNCIL OF FOREIGN TRADE OF INCOMEX. THIS RESOLUTION AFFECTED A TOTAL OF 68 ITEMS WHICH WERE TRANSFERRED FROM THE PRIOR LICENSE IMPORT LIST TO THE FREE IMPORT LIST, BUT WHICH STILL MUST PAY AVERAGE IMPORT DUTIES OF NEARLY 50 PERCENT. PRODUCTS INCLUDED ARE: POTATOES FOR CONSUMPTION, RED BEANS, HIDES AND SKINS, HAND TOOLS, PARTS AND ACCESSORIES FOR CENTRIFUGAL MACHINES, SPARE PARTS AND ACCESSORIES FOR EXCAVATING, LEVELING, TAMPING, BORING AND EXTRACTING MACHINERY, FOOD PROCESSING MACHINERY AND EQUIPMENT, METAL SAWS, HYDRAULIC PRESSES, MULTI-PHASE MOTORS, PHOTOGRAPHIC APPARATUS, ODONTOLOGICAL INSTRUMENTS AND EQUIPMENT, TAXIMETERS AND OTHER ELECTRICAL AND ELECTRONIC MEASURING INSTRUMENTS.

5. RESOLUTION 069 OF DEC 16, 1976, ISSUED BY THE DIRECTIVE COUNCIL OF FOREIGN TRADE OF INCOMEX.
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THIS RESOLUTION INCLUDES CANNED FOODS OF ALL TYPES WHICH WERE TRANSFERRED FROM THE PRIOR LICENSE IMPORT LIST TO THE FREE IMPORT LIST. HOWEVER, IMPORTS OF THESE ITEMS CONTINUE TO PAY AN AVERAGE 55 PERCENT CUSTOMS DUTY. MAIN PRODUCTS LISTED IN THIS RESOLUTION ARE CANNED VEGETABLES AND FRUITS.

6. ANOTHER DECREE OF DEC 15, 1976, (NUMBER UNKNOWN AS YET) WAS ISSUED BY THE NATIONAL COUNCIL ON CUSTOMS POLICY WHICH IS UNDER THE MINISTRY OF FINANCE. THIS DECREE REDUCED IMPORT DUTIES BY ABOUT 10 PERCENT ON 600 TARIFF ITEMS ON THE COLOMBIAN TARIFF SCHEDULE WITHIN THE AGRICULTURAL, CHEMICAL, AND METALWORKING SECTORS. MAIN PRODUCTS AFFECTED IN THE AGRICULTURAL FIELD ARE: WHEAT, FERTILIZERS, FRESH FRUITS, EGGS, CORN, SHORGHUM, LARDS, VEGETABLE OILS, CRUDE COCOA, MARGARINES, YEASTS, AND VEGETABLE PROTEINS. IN THE CHEMICAL SECTOR, THIS DECREE AFFECTED NEARLY 500

ITEMS INCLUDING RAW MATERIALS FOR THE PLASTIC INDUSTRY, INSECTICIDES AND FUNGICIDES, PAINTS AND PIGMENTS, ALBUMINOID MATTERS, ETC. TARIFFS ON CEMENT WERE ALSO REDUCED FROM 20 PERCENT TO 15 PERCENT. THE FOLLOWING PRODUCTS WERE INCLUDED IN THE METALWORKING SECTOR: RAW ALUMINUM, STEEL BARS AND WIRES, NAILS, NUTS AND BOLTS, FOUNDRY PRODUCTS, CASTINGS, PIPING, AND IRON AND STEEL PLATES.

7. RESOLUTION 068 OF DEC 16, 1976, ISSUED BY THE DIRECTIVE COUNCIL OF FOREIGN TRADE OF INCOMEX. THIS RESOLUTION AFFECTS A LARGE NUMBER OF CHEMICAL AND PETROCHEMICAL PRODUCTS BY CLASSIFYING THEM ON THE FREE IMPORT LIST WHEN ARE IMPORTED FROM THE ANDEAN GROUP COUNTRIES. IMPORTS COMING FROM OTHER COUNTRIES ARE STILL SUBJECT TO THE PRIOR IMPORT LICENSE REQUIREMENT. MAIN PRODUCTS AFFECTED BY THIS RESOLUTION ARE PARAFFINS, TETRAPROPYLENES, CARBON BLACK, CYANIDES, METHYL ALCOHOL, UNCLASSIFIED

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ETHYLENE OXIDE, POLYMERS AND COPOLYMERS, ACRYLIC FIBERS, ACETATES, AND OTHER PETROLEUM DERIVATIVES FOR CHEMICAL USE.

8. MOST OF THE PRODUCTS WHICH NOW APPEAR ON THE FREE IMPORT LIST STILL ARE SUBJECT TO HIGH IMPORT DUTIES. A BOOM IN IMPORTS OF THESE PRODUCTS IS NOT EXPECTED UNTIL A REDUCTION OF IMPORT DUTIES FOR THESE PRODUCTS OCCURS.

9. POST IS FORWARDING COPIES OF THESE REGULATIONS BY POUCH.
SANCHEZ

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